

**GEARY COUNTY RURAL WATER DISTRICT NO. 4
GEARY COUNTY, KANSAS**

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

For the Years Ended December 31, 2012 and 2011

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Geary County, Kansas
Rural Water District No. 4
Milford, Kansas 66514

We have audited the accompanying financial statements of the business-type activities of Geary County Rural Water District No. 4, as of and for the years ended December 31, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Geary County Rural Water District No. 4, as of December 31, 2012 and 2011 and the respective changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Pottberg, Gassman & Hoffman, Chtd.

POTTBERG, GASSMAN & HOFFMAN, CHARTERED
Junction City, Kansas
April 19, 2013

MEMBERS:
American Institute of
Certified Public Accountants

Kansas Society of Certified
Public Accountants



Pottberg, Gassman & Hoffman, Chtd.

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas
December 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The attached financial statements present the assets and liabilities, revenues and expenses and changes in fund net position of the District on the accrual basis. The statement of cash flows reverses the accruals to show the affect on the annual transactions on the available cash balance. Both the financial statements and supplemental information are shown comparative to the prior year.

During the year 2012, the board of directors approved the building of a new pipeline and sale of water to the City of Milford and Acorn Resorts. The project was completed without incident and meets all requirements set forth by the Kansas Department of Health and Environment, Environmental Protection Agency, Kansas Department of Transportation, and the Corp of Engineers. A total of 6,600 feet of new pipeline was installed at a cost of \$103,425 which was paid by the City of Milford and Redfish LLC per contract. At the conclusion of the project, the pipeline and meter became the District's property and maintenance will be the District's responsibility.

Growth continues this year with the sale of 7 new benefit units. The district continues to absorb the growth with a total of 384 benefit units. During 2011, 9 new benefit units were added for a total of 377 units.

The water sales for 2012 increased 15% over 2011. The water sales for 2011 increased 7% over 2010. Operating income covers operating expenses and meets the debt service requirements of the bond issue and KDHE loan. The district continued to set aside funds for capital improvements.

The budgets adopted by the board for 2012 and 2011 were basic budgets just to set guidelines for the District's expenditures. The district does not have any statutory requirements limiting expenses to those budgeted, but continues to monitor the budget and keep expenditures as close as possible to the budget.

The District continues to have the KDHE loan and 2010 bonds for the well project and meets all payments timely.

This financial report is designed to provide a general overview of the District's finances and demonstrate the District's commitment to public accountability. If you have any question about this report or would like to request additional information, contact the District office at 8425 Quarry Road, Milford, KS 66514 or (785) 238-7299.

GEARY COUNTY RURAL WATER DISTRICT NO. 4
STATEMENTS OF NET POSITION
DECEMBER 31,

ASSETS			
Current Assets		<u>2012</u>	<u>2011</u>
Checking Account - CNB	\$	91,458	\$ 50,953
Money Market - CNB Capital Improvement		64,245	58,122
Money Market - CNB Principal and Interest		164,368	112,667
Cash and Cash Equivalents		<u>320,071</u>	<u>221,742</u>
Accrued Interest Receivable		-	284
Accounts Receivable (net)		<u>24,211</u>	<u>17,902</u>
Total Current Assets		<u>344,282</u>	<u>239,928</u>
Noncurrent Assets			
Capital Assets			
Utility System		1,393,505	1,290,148
Building		111,274	109,319
Equipment		37,676	36,085
Vehicle		19,000	19,000
Land Improvements		40,000	40,000
Land		18,036	18,036
Filtration System		536,573	529,073
Well Project		420,729	414,724
Accumulated Depreciation		<u>(1,057,781)</u>	<u>(991,075)</u>
Total Capital Assets		<u>1,519,012</u>	<u>1,465,310</u>
Bond Reserve - CNB Certificate of Deposit		47,998	46,527
2010 Bond Proceeds and Project Funds		-	16,598
Loan Reserve		38,397	38,397
Loan Fees (less accumulated amortization of \$228 and \$229)		2,799	3,027
Bond Issue Costs (less accumulated amortization of \$1,900 and \$1,900)		<u>11,242</u>	<u>13,142</u>
Total Noncurrent Assets		<u>1,619,448</u>	<u>1,583,001</u>
TOTAL ASSETS		<u>1,963,730</u>	<u>1,822,929</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accrued Interest Payable		605	4,509
Water Deposits		40,030	38,780
Current Portion of Long-Term Debt		<u>33,832</u>	<u>41,897</u>
Total Current Liabilities		<u>74,467</u>	<u>85,186</u>
Noncurrent Liabilities			
Public Water Supply Loan Fund		262,073	287,647
Revenue Bonds Payable - 2010		270,000	295,000
Discount on Bonds - 2010 (less accumulated amortization of \$600 and \$600)		(3,550)	(4,150)
Less Current Portion		<u>(33,832)</u>	<u>(41,897)</u>
Total Noncurrent Liabilities		<u>494,691</u>	<u>536,600</u>
Total Liabilities		<u>569,158</u>	<u>621,786</u>
Net Position			
Net Investment in Capital Assets		990,489	886,813
Restricted - Bond Reserve		70,397	70,397
Unrestricted		<u>333,686</u>	<u>243,933</u>
Total Net Position		<u>1,394,572</u>	<u>1,201,143</u>
TOTAL LIABILITIES AND NET POSITION		<u>\$1,963,730</u>	<u>\$1,822,929</u>

The notes to the financial statements are an integral part of these statements.

GEARY COUNTY RURAL WATER DISTRICT NO. 4
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Water Revenues	\$ 283,530	\$ 247,352
TOTAL OPERATING REVENUES	<u>283,530</u>	<u>247,352</u>
OPERATING EXPENSES		
Bank Charges	395	270
Billing Services	7,340	7,300
Chemicals	6,166	6,271
Dues	384	304
Insurance	10,947	9,651
Maintenance	8,613	8,606
Miscellaneous	62	231
Office Supplies	1,009	2,201
Officer's Fees	1,280	1,282
Payroll Taxes	3,159	3,211
Postage	2,089	2,575
Professional Fees	11,383	8,462
Reimbursements	2,176	2,038
Repairs	3,771	2,112
Retirement	1,108	1,157
Supplies	3,636	6,924
Taxes - Clean Water Fee	806	1,087
Taxes - Water Protection Fee	961	1,132
Telephone	2,528	2,463
Utilities	25,721	19,119
Vehicle Expenses	2,924	3,020
Wages	39,615	40,133
Water Conference Expense	2,013	800
Water Testing	544	793
Well Permits	55	400
TOTAL OPERATING EXPENSES	<u>138,685</u>	<u>131,542</u>
INCOME FROM OPERATIONS BEFORE		
AMORTIZATION AND DEPRECIATION	144,845	115,810
Amortization of Issuance Costs	(2,728)	(2,729)
Depreciation	(74,116)	(64,726)
OPERATING INCOME	<u>68,001</u>	<u>48,355</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	1,537	4,349
Other Income	108,956	5,700
Rent and Rebate	2,765	1,964
Loan Fees	(1,466)	(866)
Interest Expense	(17,175)	(18,853)
Loss on Disposal	(814)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>93,803</u>	<u>(7,706)</u>
INCOME BEFORE CONTRIBUTIONS	161,804	40,649
Capital Contributions	31,625	44,125
CHANGE IN NET POSITION	193,429	84,774
NET POSITION, BEGINNING	1,201,143	1,116,369
NET POSITION, ENDING	<u>\$ 1,394,572</u>	<u>\$ 1,201,143</u>

The notes to the financial statements are an integral part of these statements.

GEARY COUNTY RURAL WATER DISTRICT NO. 4
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 277,221	\$ 249,457
Cash payments to suppliers for goods and services	(75,908)	(71,154)
Cash payments to employees and professional contractors for services	(62,777)	(60,388)
Net cash provided (used) by operating activities	<u>138,536</u>	<u>117,915</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(128,632)	(78,578)
Principal paid on bonds and notes	(50,574)	(41,306)
Interest paid on bonds and notes	(21,079)	(19,417)
Loan fees	(1,466)	(866)
2010 bond proceeds decrease (increase)	16,614	-
Customer deposits	1,250	2,200
Rent and rebate	2,765	1,964
Capital contributions	140,581	49,825
Net cash provided (used) by capital and related financing activities	<u>(40,541)</u>	<u>(86,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	334	638
Net cash provided (used) by investing activities	<u>334</u>	<u>638</u>
 Net increase (decrease) in cash and cash equivalents	 98,329	 32,375
CASH AND CASH EQUIVALENTS AT JANUARY 1,	<u>221,742</u>	<u>189,367</u>
CASH AND CASH EQUIVALENTS AT DECEMBER 31,	<u><u>320,071</u></u>	<u><u>221,742</u></u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	68,001	48,355
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	74,116	64,726
Amortization	2,728	2,729
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	(6,309)	2,105
Total adjustments	<u>70,535</u>	<u>69,560</u>
Net cash provided by operating activities	<u><u>\$ 138,536</u></u>	<u><u>\$ 117,915</u></u>

The notes to the financial statements are an integral part of these statements.

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas

December 31, 2012

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description

The Rural Water District No. 4, Geary County, Kansas, was declared incorporated as a quasi-municipal Corporation by the Board of Commissioners of Geary County, Kansas, in April of 1976. The District is located near Milford, Kansas and was organized pursuant to K.S.A. 89a-612 to provide water to its subscribers. The following is a summary of the District's significant accounting policies.

Basis of Accounting

The District's financial information is reported on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Operating revenues are those that are generated from primary operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations. All other expenses are reported as non-operating expenses, such as reimbursements for joining the water district.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all bank deposit accounts, money market accounts, and certificates of deposits classified as current assets to be cash and cash equivalents. At December 31, 2012 and 2011, cash and cash equivalents consisted of demand and money market accounts with local financial institutions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets

Capital assets purchased are capitalized at cost. Depreciation is recorded based on the estimated useful life of each asset using the straight-line method. The estimated useful lives of the assets range from 5 to 50 years.

Allowance for Doubtful Accounts

The District bills customers on a monthly basis. Invoices not paid by the 16th of the month incur a late fee. A notice to disconnect is sent if the invoice remains unpaid. As most customers pay before they are disconnected and there have been no amounts written off in the past three years, management has set the allowance account at zero.

Taxes

The District is exempt from federal and state income taxes.

NOTE 2 – DEPOSITORY SECURITY

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas
December 31, 2012

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – DEPOSITORY SECURITY (continued)

which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods." The District has no designated "peak periods." All deposits were legally secured at December 31, 2012.

At December 31, 2012, the District's carrying amount of deposits was \$368,069 and the bank balance was \$390,205. The bank balance was held by one bank. Of the bank balance, \$250,000 was covered by federal depository insurance and \$140,205 was collateralized with securities held by the pledging financial institution's agents in the District's name. The amount on deposit in excess of the federal depository insurance corporation limit was more than 5% of the total bank balance which resulted in a concentration of credit risk per GASBS 40, paragraph 11.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable are customer water bills that have been invoiced but remain unpaid. The balance is shown net of the allowances for doubtful accounts.

The following is an aging of accounts receivable for the District at December 31, 2011 and 2012:

	<u>Total</u>	<u>Current</u>	<u>Over 30 Days</u>
2011	\$17,902	\$17,902	\$ -
2012	\$24,211	\$24,211	\$ -

NOTE 4 – CAPITAL ASSETS

Capital assets are carried at cost. Depreciation of property and equipment are provided on the straight-line method over the following estimated useful lives:

Original Water System	50 years
Additions to System	40 years
Building	40 years

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas

December 31, 2012

NOTES TO THE FINANCIAL STATEMENTS**NOTE 4 – CAPITAL ASSETS (continued)**

Machinery and Equipment	7 years
Computer Equipment	5 years
Computer Software	3 years

	<u>Beginning Balance</u>	<u>Accumulated Depreciation</u>	<u>Purchases & Other Additions</u>	<u>Loss on Disposal</u>	<u>Depreciation</u>	<u>Ending Balance – Net of Depreciation</u>
2011	\$2,026,818	(\$926,349)	\$429,567	(\$ -)	(\$64,726)	\$1,465,310
2012	\$2,456,385	(\$991,075)	\$128,632	(\$814)	(\$74,116)	\$1,519,012

NOTE 5 – BUDGETS AND BUDGETARY ACCOUNTING

The District is not required to adopt a legal budget; therefore, no budgetary comparison is prepared as a financial statement. The Board approves an estimated budget each year per K.S.A. 82a-628, which is used by management to internally monitor the District's expenditures and is presented as supplementary information.

NOTE 6 – RETIREMENT PLAN

The District has adopted a SEP-IRA plan. The plan allows the District to make contributions into individual retirement arrangements on behalf of the employees. Contributions are made at the financial institution where the employee maintains his or her SEP account. As an IRA the employee is always fully vested in the account. Eligible employees have reached age 21, worked for the employer in at least three of the immediately preceding five years, and received at least \$500 in compensation. All eligible employees receive the same percentage contribution from the District up to a maximum of 25% of their wages up to \$49,000. For the year ended December 31, 2012 the total retirement expense was \$1,108 (3% plus fees).

NOTE 7 – BONDS PAYABLE

On August 19, 2010, the district issued \$320,000 in Kansas Rural Water Finance Authority Refunding Revenue Bonds, Series C 2010 at an interest rate of 2.993%. Proceeds from these bonds were held in a bank account with United Bank & Trust to be used for construction on the new well and pipeline. Water revenues are used as security for these bonds.

The bonds were issued at various rates from 1.0% to 3.2% which mature as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2013	25,000	7,260	32,260
2014	30,000	6,760	36,760
2015	30,000	6,160	36,160
2016	30,000	5,400	35,400
2017	30,000	4,720	34,720
2017-2020	125,000	9,040	134,040
Totals	\$270,000	\$39,340	\$309,340

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas

December 31, 2012

NOTES TO THE FINANCIAL STATEMENTS**NOTE 7 – BONDS PAYABLE (continued)**

Issuance costs of \$15,200 were paid at the time these revenue bonds were issued. These costs are being capitalized and are being amortized over the life of the revenue bonds, 120 months, using the straight-line method. Amortization expense was \$1,900 in 2012 and 2011.

The bonds were issued at a discount of \$4,800, which is being amortized over the life of the bonds, 120 months, using the straight-line method. Amortization expense was \$600 in 2012 and 2011.

A bond reserve account of \$32,000 is required to be maintained for the life of the bonds. This amount plus interest earned is in a certificate of deposit at Central National Bank.

NOTE 8 – NOTE PAYABLE

In September 2003 the District started construction on a Filtration Plant with money received from the Kansas Water Supply Loan Fund administered by the Kansas Department of Health and Environment. Construction was completed in September 2004. The loan fees totaled \$4,800, and are being amortized over the life of the loan, 21 years, using the straight-line method. The amortization expense was \$228 in 2012 and \$229 in 2011. A reserve account is held by the State in the amount of \$38,397. The loan is secured by water revenue. The first payment for 2013 was made as of the end 2012 which results in a lower payment for 2013.

The repayment schedule for this loan is as follows.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Service Fee</u>	<u>Total Payment</u>
2013	8,832	4,246	459	13,537
2014	18,143	8,059	871	27,073
2015	18,800	7,466	807	27,073
2016	19,481	6,852	740	27,073
2017	20,187	6,215	671	27,073
2018-2022	112,446	20,684	2,234	135,364
2023-2025	64,185	3,156	341	67,682
Totals	\$262,074	\$56,678	\$6,123	\$324,875

NOTE 9 – LONG TERM DEBT SUMMARY

The following schedule shows the changes in long-term debt and related maturities.

<u>Description</u>	<u>Date Issued</u>	<u>Original Amount</u>	<u>Outstanding 1-1-12</u>	<u>Principal Payments</u>	<u>Outstanding 12-31-12</u>	<u>Date Due</u>	<u>Interest Paid In 2012</u>
State Loan	12/17/04	\$383,965	287,647	25,574	262,073	2/1/2025	13,570
Bond 2010	08/19/10	\$320,000	295,000	25,000	270,000	12/01/2020	7,510
Total Indebtedness			\$579,647	\$50,574	\$532,073		\$21,080

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas
December 31, 2012

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – DEBT SERVICE RATIO

The bond issue and state loan covenants require the District to maintain a debt service ratio of at least 1.25.

Debt Service Ratio Calculation for the years ending:

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Change in Net Position	\$ 193,429	84,744
Interest Expense	17,125	18,853
Amortization & Depreciation	76,844	67,455
Less Capital Contributions	(31,625)	(44,125)
Total Revenue Available for Debt Service	<u>\$ 255,773</u>	<u>\$ 126,927</u>
Debt Service Payments	\$ 71,654	\$ 60,723
Debt Service Ratio	<u>3.57</u>	<u>2.09</u>

The District is in compliance with the bond issue and state loan covenants. The debt service payments total above includes a loan payment made in 2012 of \$13,063 that the District did not have an obligation to pay until 2013.

NOTE 11 - LITIGATION

There were no legal actions involving the Geary County Rural Water District No. 4 as of December 31, 2012.

NOTE 12 – RISK MANAGEMENT

Geary County Rural Water District No. 4 is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the District has purchased commercial insurance coverage from EMC Companies through Anderson Peck Agency Inc. in Topeka, Kansas. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

NOTE 13 – RELATED PARTIES

All of the members of the board of directors and employees are water district customers. No material transactions occurred in 2012 between the District and the directors and employees.

NOTE 14 – COMPENSATED ABSENCES

Vacation and sick leave is awarded at 8 hours per month for full-time employees over the age of 21. Forty hours of vacation may be carried over into the next year, or additional hours carried over or paid at the discretion of the board, while all sick leave is accumulative and carried over year to year until employees leave the District's employment. The board may pay for all or some of the accumulated sick leave upon retirement of employees. As the District's employee is not set to retire in the near-term and there is a range of payment possibilities, no accrual is made in the financial statements.

GEARY COUNTY RURAL WATER DISTRICT NO. 4

Geary County, Kansas
December 31, 2012

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2012, to determine the need for any adjustments to and/or disclosures within the audited financial statements. Management has performed their analysis through April 19, 2013, which is the date at which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

GEARY COUNTY RURAL WATER DISTRICT NO. 4
BUDGET REPORT - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
OPERATING REVENUE			
Water Revenues	\$ 289,281	\$ 277,221	\$ (12,060)
TOTAL OPERATING REVENUES	<u>289,281</u>	<u>277,221</u>	<u>(12,060)</u>
EXPENDITURES			
Amortization	3,126	-	(3,126)
Bank Charges	396	395	(1)
Billing Services	7,260	7,340	80
Chemicals	9,076	6,166	(2,910)
Depreciation Expense	64,437	-	(64,437)
Dues	892	384	(508)
Insurance	10,124	10,947	823
Maintenance	16,383	8,613	(7,770)
Miscellaneous	753	62	(691)
Office Supplies	1,574	1,009	(565)
Officer's Fees	1,440	1,280	(160)
Payroll Taxes	2,566	3,159	593
Postage	1,538	2,089	551
Professional Fees	11,487	11,383	(104)
Reimbursements	3,500	2,176	(1,324)
Repairs	-	3,771	3,771
Retirement	1,138	1,108	(30)
Supplies	5,500	3,636	(1,864)
Taxes - Clean Water Fee	811	806	(5)
Taxes - Water Protection Fee	866	961	95
Telephone	2,520	2,528	8
Utilities	17,315	25,721	8,406
Vehicle Expenses	2,712	2,924	212
Wages	42,502	39,615	(2,887)
Water Conference Expense	-	2,013	2,013
Water Testing	412	544	132
Well Permits	2,500	55	(2,445)
TOTAL OPERATING EXPENDITURES	<u>210,828</u>	<u>138,685</u>	<u>(72,143)</u>
DEBT RETIREMENT:			
Principal Paid	42,000	50,574	8,574
Interest	16,694	21,079	4,385
TOTAL EXPENDITURES	<u>269,522</u>	<u>210,338</u>	<u>(59,184)</u>
OTHER INCOME (EXPENSES)			
Capital Improvements	-	(128,632)	(128,632)
Interest Income	8,673	334	(8,339)
New Benefit Units	14,000	31,625	17,625
Loan Fees	-	(1,466)	(1,466)
Rent Income	600	600	-
Water Deposits	-	1,250	1,250
Meter Pit	5,920	5,531	(389)
2010 Bond Proceeds Decrease	-	16,614	(16,614)
Insurance Rebate	12,082	2,165	(9,917)
TOTAL OTHER INCOME (EXPENSE)	<u>41,275</u>	<u>31,446</u>	<u>(9,829)</u>
INCREASE (DECREASE) IN CASH	<u>\$ 61,034</u>	<u>\$ 98,329</u>	<u>\$ 37,295</u>

The notes to the financial statements are an integral part of these statements.